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House Bill 4608 (As Introduced)

Topic: Renewable Energy Portfolio Standards
Sponsor: Representative Kahn
Co-sponsors: Representatives Moolenaar and Walker
Committee: House Energy and Technology

Date Introduced: April 13, 2005

Date of Summary: April 18, 2005

The bill creates a new act to require the Public Service Commission to establish a renewable energy portfolio standard. Renewable energy is defined as biomass, geothermal energy, solar thermal energy, and wind energy. The amounts to be generated from renewable sources are as follows:

- 2004 through 2006—Not less than 4% of the total amount of electricity sold by the provider to retail customers in Michigan during the calendar year.
- 2007 through 2009—Not less than 5%.
- 2010 through 2012—Not less than 6%.
- 2013 and after—Not less than 7%.

Additional requirements include:

- At least 1% of the total amount of electricity sold from renewable sources by each provider must be from a solar renewable energy system.
- The contract must be for at least 20 years, unless otherwise agreed, and the terms must be just and reasonable, as determined by the Commission.

Electricity generated by a solar thermal energy system subsidized, in whole or in part, by a provider for the benefit of one or more retail customers is counted toward complying with the portfolio standard.

The Commission may establish a system of renewable energy credits that a provider may use to comply.

A provider unable to comply with its portfolio standard from generating its own electricity or using credits is required to acquire electricity under one or more renewable energy contracts. If the Commission determines that insufficient electricity will be available to a provider under just and reasonable terms and conditions, the Commission is required to exempt the provider for that calendar year.

If it is considered in the public interest, the Commission may approve a rate that allows a regulated rate provider to recover the cost of providing renewable energy from its retail customers.

Providers are required to submit annual reports relating to compliance with their portfolio standards.

A fine may be imposed by the Commission if a provider fails to comply with its portfolio standard. The fine is based on either the kilowatt-hour of electricity not generated or acquired or any other reasonable formula adopted by the Commission. The fine is not a cost of service for the provider and may not be included in an application for rate adjustment or increase. The Commission is prohibited from allowing the provider to recover any portion of such a fine from its retail customers.